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Turkey

Dried Fruit

Annual Report

2004

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Report Highlights:

Turkish raisin production is projected to increase to 230,000 MT in MY 2004 if the weather conditions remain favorable during the rest of the growing and drying seasons. Production in MY 2003 is revised upward to 215,000 MT due to better than expected growing and drying conditions. TARIS procured about 40,000 MT of raisins in MY 2003. Estimated exports in MY 2003 remain unchanged. This is slightly lower than exports in MY 2002, which were revised upward according to the official trade data. Current export prices are around USD 1100 per MT for standard #9 quality. MY 2004 exports are projected to increase slightly parallel to the projected increase in production and lower export prices.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Ankara [TU1]
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Executive Summary

Turkish raisin production is expected to increase to 230,000 MT in MY 2004 compared to the revised level of 215,000 MT in MY 2003. This will be possible if the weather conditions remain favorable during the rest of the growing and drying seasons. Production in MY 2003 was revised slightly upward due to better than expected growing and drying conditions. Raisin orchard area is projected to remain about the same in MY 2004. TARIS is expected to announce the MY 2004 raisin procurement price at the beginning of the marketing year (September 2004).

Domestic raisin consumption is projected at about 30,000 MT in MY 2004, similar to the estimate in MY 2003.

TARIS procured about 40,000 MT of raisins and exported about 18,000 MT so far in MY 2003 (September 2003-March 2004). TARIS estimates that its exports may reach 24,000 MT for the entire marketing year.

Raisin prices at the Izmir Commodity exchange were around TL 1,300,000 per kilogram for standard #9 raisins on April 6, 2004 (USD 1.00 is approximately TL 1,350,000).

Turkey is projected to export a slightly larger quantity of raisins in MY 2004 compared to MY 2003 parallel to a projected slight increase in production. Exports in MY 2002 are now revised upward according to the official data, which is now available.

Export prices currently are around USD 1100 per MT for standard #9 quality. These prices might be slightly higher or lower depending upon the grade (A, B or C).

TARIS was estimated to have about 17,000 MT of raisins in stocks in the beginning of MY 2003. TARIS is estimated to have about 39,000 MT in stocks at the end of March 2004. Total carryover stocks are estimated to increase slightly at the end of MY 2003 due to estimated increase in supply.

Parallel to the commitment made to the IMF, the GOT eliminated most of the input subsidy programs and adopted a direct income support system to farmers. Compared to most other agricultural State Economic Enterprises (SEE's), TARIS appears to be in a comparatively good financial position to meet its financial needs, particularly the raisin division, which usually earns a profit.

There is no export subsidy for raisins. In order to protect local producers, the GOT announced a 54.9 percent import duty (reduced from 55.5 percent in 2003) for raisins of all origins based on CIF value in 2004.

Production

Turkish raisin production is projected at 230,000 MT in MY 2004. This represents a slight increase compared to the MY 2003 revised level of 215,000 MT. This will be possible if the weather conditions remain favorable during the rest of the growing and drying seasons. The PSD production estimate for MY 2003 was revised slightly upward due to better than expected growing and drying conditions. The PSD production estimate for MY 2002 was also revised slightly upward according to the information received from public and private sources. Lower export prices in MY 2000, MY 2001 and MY 2002 discouraged growers from planting new orchards or expanding orchards. However, export prices so far in MY 2003 have been good, and may cause growers to change their ideas for establishing new orchards or expanding their orchards again.

Grapes are grown throughout Turkey. Seedless grapes—virtually all of which are “*Vitis viniserae* L.” the same genus and species as Thompson seedless grapes, however, constitute about one-third of the total grape crop and are grown only in Turkey’s Aegean Region. In general around ten percent of the seedless grape crop is consumed fresh, about three percent is exported and the remainder dried. In MY 2003, total seedless grape production is estimated at about 1.1 MMT. Using an average conversion ratio of about 4.5 to 1, raisin production was 215,000 MT in MY 2003.

Seedless grape production expanded significantly in Turkey in the 1990’s due to more intensive cultivation and better irrigation techniques. The Union for Agricultural Sales Cooperatives (TARIS) has recommended in recent years that producers limit seedless grape orchard area because it believed the export market was saturated. Seedless grapes generally are grown on small farms averaging about 1.3 hectares. It is estimated that nearly 65,000 growers produce seedless grapes in Turkey. About half of all raisin producers are members of TARIS. Each year TARIS announces a procurement price for raisins, which also serves as a support price. TARIS is required to buy raisins from its members but members are free to sell to other buyers and they often do. In general TARIS buys around 15-20 percent of the production.

The industry improved the quality of Turkish raisins through better sanitation methods during the 1990’s. Improvements were made through using trellises, small plastic harvest crates, and concrete drying beds. Most of these improvements had been financed by private processors and much of the capital was derived from higher export prices obtained as a result of the EU’s minimum import price system which is no longer in effect.

In general, Turkish raisins are lighter in color and rounder than California raisins. The color difference is due to the fact that a dipping solution is used to speed up the drying since the drying season is short. Since MY 2000 TARIS only buys standard #8 or better quality raisins.

Consumption

Domestic raisin consumption fluctuates depending upon supply and quality of the raisin crop. The State Liquor Monopoly (TEKEL) consumes low quality raisins for distillation purposes. In MY 2003, Turkish domestic consumption is estimated at about 30,000 MT, including about 17,000 MT for confectionary purposes and the remaining quantity for TEKEL. MY 2004 domestic consumption is projected at around the same level as it was estimated in MY 2003. TEKEL generally consumes 70,000 MT of fresh or dried grapes, including raisins. The mix between fresh and dried grapes changes with the price and availability of lower quality raisins. There are numerous firms in the dried fruit processing and export business in Turkey, however, the top ten firms are estimated to control about 85 percent of the raisin market.

The role of TARIS in procuring and marketing raisins has been decreasing in conjunction with IMF backed reforms to reduce the Turkish government's role in agriculture. In general, TARIS has been the buyer of last resort, purchasing a large percentage of lower quality raisins. The quantity of raisins TARIS procured has varied a lot from as low as 9,000 MT to as high as 75,000 MT during the last ten years due to total production and quality. TARIS procured about 40,000 MT of raisins in MY 2003 compared to about 23,000 MT in MY 2002 and 45,000 MT in MY 2001.

TARIS usually announces its procurement price at the beginning of the marketing year. TARIS is expected to announce the MY 2004 procurement price in September 2004. TARIS announced its MY 2003 base procurement price at TL 1,400,000 per kilogram for standard #9 quality of raisins at the beginning of MY 2003. The quality of the MY 2003 crop was good, about 75 % was standard #9 or better and only 25 percent was standard #8. The quality a year ago was lower (about 40 percent for standard #9 and higher and 60 percent for standard #8 or lower).

TEKEL bought nearly 6,000 MT of raisins directly from growers in MY 2003 at an average price of TL 1,040,000 per kilogram. TEKEL did not buy any raisins from TARIS in MY 2002 and not planning to buy any in MY 2003 either. The liquor production section of TEKEL was privatized in the beginning of 2004. The policy on consuming raisins versus fresh grapes might be changed as a result of this policy.

The Izmir Commodity Exchange is the main cash market for raisins. On April 6, spot prices at the Exchange were around TL 1,300,000 per kilogram (about USD 1.0) for standard #9. On the same day, private companies bought a total of 50 MT but TARIS did not sell any.

Trade

MY 2004 raisin exports are projected at 200,000 MT. This is slightly larger than the estimate in MY 2003 due to the projected increase in production. The MY 2003 export estimate remains unchanged, even though the supply was revised slightly upward, due to higher prices in the international markets. MY 2002 exports were revised upward according to the official trade data, which is now available. According to the Aegean Exporters Union data, Turkey exported about 127,000 MT of raisins between September 1, 2003 and March 26, 2004. Turkey exported about 143,000 MT during the same period a year ago. In MY 2002, TARIS exported about 26,000 MT. So far in MY 2003, TARIS exported about 18,000 MT and projects that exports may reach to 24,000 MT by the end of the marketing year.

Average export prices were higher (about USD 1119 per MT) for the period September 1, 2003 and March 26, 2004 compared to the same period a year before (about USD 798 per MT). Export prices currently are around USD 1100 per MT for standard #9 quality. These prices (all prices are FOB Izmir) might be slightly higher or lower depending upon the grade (A, B or C).

The First columns of the Export and Import Trade Matrixes represent the official data for the entire MY 2002 (September 2002 – August 2003) while the second columns of the same matrixes represent data only for the first four months of MY 2003 (September – December 2003).

Stocks

Official information on raisin stocks is not available. TARIS was estimated to have about 17,000 MT of raisins in stocks in the beginning of MY 2003. TARIS is estimated to have about 39,000 MT in stocks at the end of March 2004. Carryover stocks are estimated to increase slightly at the end of MY 2003 due to estimated increase in supply. Carryover

stocks at the end of MY 2004 are projected to be slightly higher than the previous year, parallel to projected increases both in production and exports.

Policy**Production Policy**

All agricultural State Economic Enterprises (SEE's), including TARIS, were given autonomy by the GOT as a part of the economic reforms through a law, which was adopted in 2000. As a result of this change, the director generals of SEE's, which used to be appointed by the GOT, are now elected. The GOT made a commitment with the IMF to reduce the budget deficits, again as part of economic reforms. Parallel to that commitment the GOT eliminated most of the input subsidy programs and adopted a direct income support system to farmers. This policy change decreases the financial burden of the SEE's as well. Compared to most other agricultural SEE's, TARIS appears to be in a comparatively good position to meet its financial needs, particularly the raisin division, which usually earns a profit.

The liquor production section of TEKEL was privatized in the beginning of 2004. The policy on consuming raisins versus fresh and other dried grapes might be changed depending upon the supply and quality as a result of this policy.

Trade Policy

There has never been any export subsidy for raisins. In order to protect local producers, the GOT announced a 54.9 percent import duty (reduced from 55.5 percent in 2003) for raisins of all origins based on CIF value in 2004.

Marketing

Mostly the private sector firms, with the exception of TARIS, handle the marketing of raisins. TARIS, which was considered a quasi government entity in the past, has become more independent in recent years, especially in the administration and management of its financial requirements.

Statistical Tables

PSD Table for Raisins

Turkey Raisins							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		09/2002		09/2003		09/2004	MM/YYYY
Area Planted	82	82000	83	83000	0	83000	(HA)
Area Harvested	79	79000	81	81000	0	83000	(HA)
Beginning Stocks	47623	47623	27239	23398	10239	29398	(MT)
Production	220000	230000	190000	215000	0	230000	(MT)
Imports	1257	1759	3000	1000	0	1000	(MT)
TOTAL SUPPLY	268880	279382	220239	239398	10239	260398	(MT)
Exports	181641	205984	180000	180000	0	200000	(MT)
Domestic Consumption	60000	50000	30000	30000	0	30000	(MT)
Ending Stocks	27239	23398	10239	29398	0	30398	(MT)
TOTAL DISTRIBUTION	268880	279382	220239	239398	0	260398	(MT)

Export Trade Matrix for Raisins

Turkey
Raisins

Time Period	Sep.02-Aug.03	Units:	Metric Tons
Exports for:	2002	Sep. - Dec. 03	2003
U.S.	19	U.S.	88
Others		Others	
United Kingdom	47065	United Kingdom	18548
Germany	38096	Germany	18020
Netherlands	30903	Italy	13382
Italy	18792	Netherlands	11582
France	13520	Australia	6469
Australia	9392	France	5339
Belgium	8341	Belgium	4873
Ireland	5234	Ireland	2632
Spain	3608	Spain	1728
New Zealand	3590	New Zealand	1720
Total for Others	178541		84293
Others not Listed	27424		8307
Grand Total	205984		92688

Import Trade Matrix for Raisins

Turkey
Raisins

Time Period	Sep.02-Aug.03	Units:	Metric Tons
Imports for:	2002	Sep. - Dec. 03	2003
U.S.		U.S.	
Others		Others	
Greece	348	Uzbekistan	153
United Kingdom	269	Greece	101
Canada	237	Sweden	48
Uzbekistan	201	United Kingdom	42
Netherlands	191	Portugal	42
Germany	117	Switzerland	40
Portugal	97	Latvia	40
Denmark	83	Italy	35
Italy	48	France	22
France	24	Germany	21
Total for Others	1615		544
Others not Listed	144		102
Grand Total	1759		646